

HONORABLE RICHARD A. JONES

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

MICROSOFT CORPORATION,

Plaintiff,

vs.

BARNES & NOBLE, INC.,
BARNESANDNOBLE.COM LLC, HON
HAI PRECISION INDUSTRY CO., LTD.,
FOXCONN INTERNATIONAL
HOLDINGS LTD., FOXCONN
ELECTRONICS, INC., FOXCONN
PRECISION COMPONENT (SHENZHEN)
CO., LTD., and INVENTEC
CORPORATION,

Defendants.

Case No. 11-485 RAJ

MICROSOFT'S COMBINED
RESPONSE TO DEFENDANTS'
MOTIONS FOR STAY

**NOTED FOR:
FRIDAY, JUNE 3, 2011**

I. INTRODUCTION

Defendants Barnes & Noble, Inc. and barnesandnoble.com LLC (collectively "Barnes & Noble") filed a Motion to Stay on May 18, 2011 (Dkt. No. 33), requesting that this action be stayed in its entirety pursuant to 28 U.S.C. § 1659(a) pending resolution of a parallel ITC investigation: *In the Matter of Certain Handheld Electronic Computing Devices, Related Software, and Components Thereof*, Inv. No. 337-TA-769 (the "ITC Action"). Defendants Hon Hai Precision Industry Co., Ltd.; Foxconn International Holdings Ltd.; Foxconn Electronics, Inc., and Foxconn Precision Component (Shenzen) Co., Ltd. (the "Foxconn

MICROSOFT'S COMBINED RESPONSE TO
DEFENDANTS' MOTIONS FOR STAY – 1

LAW OFFICES
DANIELSON HARRIGAN LEYH & TOLLEFSON LLP
999 THIRD AVENUE, SUITE 4400
SEATTLE, WASHINGTON 98104
TEL., (206) 623-1700 FAX, (206) 623-8717

1 Defendants”) filed a similar motion on May 19, 2011. (Dkt. No. 34). Defendant Inventec
2 Corporation has not moved for a stay or otherwise appeared in this action.

3 Microsoft does not oppose Defendants’ requests for a stay. However, Microsoft
4 requests that such stay be without prejudice to its ability to effect service on the non-U.S.
5 defendants — the Foxconn Defendants and Inventec (the "Foreign Defendants"). Microsoft
6 should be permitted to serve the Foreign Defendants once the stay has been lifted, without risk
7 that such service be deemed untimely.

8 **II. FACTS REGARDING SERVICE OF THE FOREIGN DEFENDANTS**

9 Microsoft has yet to effect service on the Foreign Defendants and has no assurance that
10 such process could be completed prior to issuance of a stay. Each of the Foreign Defendants
11 exists under the laws of either the People’s Republic of China and/or Hong Kong. Complaint
12 (Dkt. No. 1), at ¶¶ 4-8. Counsel for the Foxconn Defendants in this action has advised counsel
13 for Microsoft that they are not authorized to accept service on their clients' behalf. Counsel for
14 Microsoft received a similar response from Inventec's counsel in the ITC Action, who does not
15 represent Inventec in this action. To the best of Microsoft's knowledge, Inventec has not
16 engaged counsel for purposes of this action.

17 **III. AUTHORITY**

18 **A. 28 U.S.C. § 1659 Provides for a Mandatory Stay of this Action.**

19 Each Defendant in this action is a respondent in the ITC Action, in which Microsoft is
20 asserting the same patents against the same products. Microsoft acknowledges that Defendants
21 are entitled to a mandatory stay of this action until the ITC's determination "becomes final":

22 In a civil action involving the parties to a proceeding before the International
23 Trade Commission under section 337 of the Tariff Act of 1930, at the request of
24 a party to the civil action that is also a respondent in the proceeding before the
25 Commission, the district court shall stay, until the determination of the
Commission becomes final, proceedings in the civil action with respect to any

claim that involves the same issues involved in the proceeding before the Commission.

28 U.S.C. § 1659.

An ITC determination “becomes final” when the Commission proceedings are no longer subject to review (*i.e.*, after all appeals have been exhausted or the time for appeal has expired). *In re Princo Corp.*, 478 F.3d 1345, 1355 (Fed. Cir. 2007).

B. The Stay Should Be Without Prejudice to Microsoft’s Right to Effect Service on the Foreign Defendants.

Microsoft has yet to effect service on the Foreign Defendants and respectfully requests that any order issued under § 1659 expressly preserves Microsoft’s ability to do so within a reasonable amount of time after the stay has been lifted.

There is no clear deadline for service of a foreign defendant under the Federal Rules. The 120-day service period provided by Fed. R. Civ. P. 4(m) does not apply to foreign defendants. Rule 4(m) (“This subdivision (m) does not apply to service in a foreign country under Rule 4(f) or 4(j)(1)”; *Lucas v. Natoli*, 936 F.2d 432 (9th Cir. 1991) (under Rule 4(m), “there is apparently no time limit for [foreign] service”). Nevertheless, Microsoft should not be forced to face any argument that it somehow unreasonably delayed service.

In the absence of a stay, Microsoft is confident that it could effect service of the Foreign Defendants within a reasonable amount of time.

However, as at least one court has found, § 1659 may bar Microsoft from serving the Foreign Defendants while the stay is in place. *Overland Storage, Inc. v. BDT Automation Technology (Zhuhai FTZ) Co., Ltd.*, No. 10-CV-1700, 2010 WL 5089002, *2 (S.D.Cal. Dec. 8, 2010) (“the Court is persuaded that the stay should extend to service of process”). Likewise, in *Sandisk Corp. v. Phison Electronics Corp.*, the Court refused to lift a stay to allow the plaintiff to serve letters rogatory on foreign defendants. Nos. 07-cv-605-bbc, 07-cv-607-bbc, 2008 WL

1 4533715, *1 (W.D. Wisc. Sept. 17, 2008). As the court noted, the plaintiff would have the
 2 opportunity to serve any un-served defendants once the stay had been lifted. *Id.*

3 Effecting foreign service is a time-consuming and costly process, and Microsoft likely
 4 will not be able to successfully effect service prior to this Court's entry of a stay in this matter.
 5 Microsoft's attempts to streamline the process by dealing directly with counsel for the Foreign
 6 Defendants were unsuccessful. Microsoft's ability to serve the Foreign Defendants should be
 7 preserved as part of the stay to which Defendants are entitled under § 1659.

8 IV. CONCLUSION

9 While Microsoft does not oppose Defendants' motions for stay pursuant to 28 U.S.C. §
 10 1659(a), Microsoft respectfully requests that the stay be without prejudice to Microsoft's
 11 ability to proceed with service on the Foreign Defendants once the stay has been lifted.
 12 Microsoft also requests that any stay order expressly toll any time limitation for service on any
 13 defendant until 120 days after the stay is lifted, consistent with the (Proposed) Order submitted
 14 herewith. At a minimum, and in the alternative, Microsoft requests permission to serve the
 15 Foreign Defendants while the stay is in place.

16 DATED this 31st day of May, 2011.

17 DANIELSON HARRIGAN LEYH & TOLLEFSON LLP

18 By s/Christopher Wion

19 Arthur W. Harrigan, Jr., WSBA #1751

20 Christopher Wion, WSBA #33207

Shane Cramer, WSBA #35099

21 T. ANDREW CULBERT (WSBA #35925)

22 andycu@microsoft.com

23 DAVID E. KILLOUGH (WSBA #40185)

24 davkill@microsoft.com

25 MICROSOFT CORPORATION

1 Microsoft Way

Redmond, Washington 98052

Telephone: 425-882-8080; Fax: 425-869-1327

1 DALE M. HEIST (*pro hac vice*)
dheist@woodcock.com
2 DANIEL GOETTLE (*pro hac vice*)
dgoettle@woodcock.com
3 ALEKSANDER J. GORANIN (*pro hac vice*)
agoranin@woodcock.com
4 JEFFREY W. LESOVITZ (*pro hac vice*)
jlesovitz@woodcock.com
5 JOSEPH R. KLINICKI (*pro hac vice*)
jklinicki@woodcock.com
6 WOODCOCK WASHBURN LLP
7 2929 Arch Street, 12th Floor
8 Philadelphia, PA 19104
9 Telephone: 215-568-3100
Facsimile: 215-568-3439

10 **COUNSEL FOR PLAINTIFF**
11 **MICROSOFT CORPORATION**
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF SERVICE

I, Susie Clifford, swear under penalty of perjury under the laws of the State of Washington to the following:

1. I am over the age of 21 and not a party to this action.

2. On the 31st day of May, 2011, I caused the preceding document to be served on counsel of record in the following manner:

**Counsel for Defendants Barnes & Noble, Inc.
and barnesandnoble.com LLC**

Louis D. Peterson (ldp@hcmp.com)	_____ Messenger
Michael R. Scott (mrs@hcmp.com)	_____ US Mail
Mary E. Crego (mec@hcmp.com)	_____ Facsimile
Hillis Clark Martin & Peterson	<u> X </u> ECF
1221 Second Avenue, Suite 500	_____ Email
Seattle, WA 98101-2925	
Phone: 206-623-1745	
Fax: 623-7789	

Counsel for Foxconn Electronics, Inc., Foxconn Precision Components (Shen Zhen) Co., Ltd., Foxconn International Holdings Ltd., and Hon Hai Precision Industry Co., Ltd.

Douglas Stewart (stewart.douglas@dorsey.com)	_____ Messenger
Dorsey & Whitney LLP	_____ US Mail
701 Fifth Avenue, Suite 6100	_____ Facsimile
Seattle, WA 98104	<u> X </u> ECF
Telephone (206) 903) 8800	_____ Email
Fax: (206) 903-8820	

s/Susie Clifford
Susie Clifford